

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA**

In re:)	Chapter 11
)	
Daily Gazette Company, <i>et al.</i> ,)	Case No. 18-20028
)	
Debtors. ¹)	(Jointly Administered)

DEBTORS' INITIAL OPERATING REPORT

Daily Gazette Company, and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby submit this Initial Operating Report pursuant to that certain Operating Order, dated as of February 6, 2018 [Dkt. #56], and respectfully state as follows:

I. Debtors’ Operations During The 30 Days Succeeding The Petition Date

During the first 30 days following January 30, 2018 (the “Petition Date”), the Debtors expect to operate through the use of cash generated from their ordinary business operations. To the extent that such cash is insufficient to meet the Debtors’ post-petition obligations, the Debtors have obtained authority to borrow up to an additional \$400,000 from United Bank in the form of post-petition financing (“DIP Financing”) pursuant to that certain *Interim Order (I) Authorizing Debtors to Obtain Postpetition Financing With Priority Over Certain Administrative Expenses and Secured by Liens on Property of the Estate Pursuant to 11 U.S.C. § 364, (II) Authorizing Debtors to Use Cash Collateral and Other Collateral and Granting Adequate Protection Pursuant to 11 U.S.C. §§ 361 and 363, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* [Dkt. #39] (the “Interim Cash

¹ The Debtors in these Chapter 11 Cases and the last four digits of each Debtor’s taxpayer identification number are as follows: Daily Gazette Company (4480); Daily Gazette Holding Company, LLC (2981); Charleston Newspapers Holdings, L.P. (3028); Daily Gazette Publishing Company, LLC (3074); Charleston Newspapers (6079); and G-M Properties, Inc. (4124). The Debtors’ headquarters are located at 1001 Virginia St. E, Charleston, West Virginia 25301.

Collateral and DIP Financing Order”).² As of the Petition Date, the Debtors had access to approximately \$255,754 and they estimate that they will generate additional cash of approximately \$1,356,000 during the first 30 days of these Bankruptcy Cases. During this same time period, the Debtors anticipate that their disbursements in the ordinary course of business to sustain operations will total approximately \$1,352,800. Therefore, at the end of the approximately first 30 days of these Chapter 11 Cases, the Debtors expect to have excess cash for operations of approximately \$258,954. Attached hereto as Exhibit 1 is a copy of the Debtors’ estimated weekly cash flow projections, which was approved in connection with the Interim Cash Collateral and DIP Financing Order and which provides a more detailed summary of the anticipated receipts and disbursements during the first 30 days of these Chapter 11 Cases.

II. The Debtors’ Bank Accounts

As of the Petition Date, the Debtors maintained the following bank accounts:

Accounts Held By Charleston Newspapers			
Account Name	Bank Name	Last 4 Digits of Account	Balance as of 2/1/18
Charleston Newspapers - Operating Account	United Bank	1461	410,019.40
Charleston Newspapers - Lockbox Account	United Bank	1445	10,176.68
Charleston Newspapers - Merchant Account	United Bank	1399	22,975.10
Charleston Newspapers - Payroll Account	United Bank	1453	0
Charleston Newspapers - Medical Account	United Bank	1829	58,898.27

² The Debtors do not anticipate having to utilize the DIP Financing during the first 30 days of these Chapter 11 Cases. A final hearing regarding the Debtors’ use of cash collateral and the DIP Financing is scheduled for March 9, 2018.

Accounts Held By Charleston Newspapers			
Account Name	Bank Name	Last 4 Digits of Account	Balance as of 2/1/18
Charleston Newspapers - Flex Benefits Account	BB&T Financial	5532	52.16
Convergent Digital Media Operating Account	Huntington National Bank	6836	6,594.17

Accounts Held By Daily Gazette Company			
Account Name	Bank Name	Last 4 Digits Of Account	Balance as of 2/1/18
Daily Gazette Company - Operating Account	United Bank	0020	9,655.09
Daily Gazette Company - Distribution Account	United Bank	0038	2,119.44
Daily Gazette Company - Trust Account	BB&T Financial	4577	1,781.72

Accounts Held By G-M Properties, Inc.			
Account Name	Bank Name and Address	Last 4 Digits Of Account	Balance as of 2/1/18
G-M Properties, Inc. - Operating Account	United Bank	1410	720.00

Following the Petition Date, the Debtors closed all of their bank accounts at BB&T Financial and Huntington National Bank. Also, following the Petition Date, the Debtors opened (a) a new “Funding Account” at United Bank, the sole purpose of which is to serve as the account into which United Bank will fund advances pursuant to the DIP Financing, and (b) a new adequate assurance account at United Bank to hold utility deposits, which has been funded with \$20,125.00.³ As of the date hereof, no funds have been disbursed to the Funding Account

³ The last four digits of the Funding Account are 1816, and the last four digits of the utility adequate assurance account are 9210.

and, as set forth above, the Debtors do not anticipate that any funds will be disbursed pursuant to the DIP Financing during the first 30 days of these Chapter 11 Cases.

III. The Debtors' Insurance Policies

The Debtors maintain the following insurance policies:

Insured	Insurance Carrier	Policy Number	Coverage	Amount of Coverage
Charleston Newspapers, et al	Mutual Insurance Company Limited / Global Media Liability Policy 2.0	Certificate of Indemnity No. 1063-1068-17	Libel: Media coverage for all publications and commercial printing; Branding; Defense & Professional Expenses.	\$15,000,000 each event
Charleston Newspapers, et al	Travelers Property Casualty Company of America	P-630-0F523527-TIL-17	Building(s) & Personal Property	Buildings \$21,900,000 Personal Property \$22,250,000
Charleston Newspapers, et al	AIG - National Union Fire Insurance Company of Pittsburgh, PA	BE 015235391	Excess Liability (Umbrella)	Each Occurrence \$10,000,000 General Aggregate \$10,000,000 Products Completed Operations Aggregate \$10,000,000 Crisis Response Sublimit of Insurance \$250,000 Excess Casualty Crisis Sublimit of Insurance \$50,000
Charleston Newspapers, et al	Travelers Casualty and Surety Company of America	105544915	Employment Practice Liability	\$2,000,000
Charleston Newspapers, et al	Starstone Specialty Insurance Company	50111D172ASP	Fiduciary Liability	\$5,000,000
Charleston Newspapers, et al	Travelers Property Casualty Company of America	QT-660-0F565985-TIL-17	Commercial Inland Marine	Hardware \$4,500,000 Software \$500,000 Extra Expense & BI \$250,000 Earth Movement \$2,500,000 Earth Movement Annual Aggregate \$2,500,000 Flood Limit \$2,500,000 Flood Limit Annual Aggregate \$2,500,000
Charleston Newspapers, et al GM Properties, Inc.	Travelers Property Casualty Company of America	BME1-9275N444-TIL-17	Boiler & Machinery	Property Damage \$45,474,500 BI Coverage Extension \$22,250,000

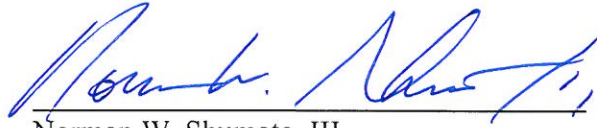
Insured	Insurance Carrier	Policy Number	Coverage	Amount of Coverage
Charleston Newspaper Holding, et al	Erie Insurance Property/Casualty Company	31127 Q96 6100110	Worker's Compensation	\$1,000,000 Accident \$1,000,000 Injury by disease policy limit \$1,000,000 injury by disease each employee
Charleston Newspapers, et al	Erie Insurance Property/Casualty Company	Q09 5140102 W7	Commercial Automobile Liability	\$1,000,000 Bodily Injury & Property Damage \$1,000,000 Hired Autos Liability Bodily Injury & Property Damage \$1,000,000 Employers Non-Owned Autos Liability Bodily Injury & Property Damage \$5,000 Medical Payments \$1,000,000 Uninsured Motorists \$1,000,000 Underinsured Motorists
Daily Gazette Company	Brickstreet Insurance	WCB 1005426	Workers' Compensation	\$500,000 Bodily Injury by Accident \$500,000 Bodily Injury by Disease Policy Limit \$500,000 Bodily Injury by Disease Each Employee

The Debtors are current on all of their insurance obligations and all of the foregoing policies remain in full force and effect.

[signature page follows]

I declare under penalty of perjury under the laws of the United States that the foregoing information is true and correct to the best of my knowledge, information and belief.

Dated: February 20, 2018



Norman W. Shumate, III
The Debtors' Authorized Representative

EXHIBIT 1

Debtor: Daily Gazette Company and its Subsidiaries
Weekly Cash Flow Projection

	Feb 4	Feb 11	Feb 18	Feb 25	Mar 4	Mar 11	Mar 18	Mar 25	Apr 1	Total
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Cash Receipts:

Gross Cash Receipts	345,000	330,000	340,000	341,000	405,000	330,000	340,000	330,000	347,500	3,108,500
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Disbursements

Salaries & Wages & Payroll Taxes	276,827		272,200		272,200		270,200		270,200	1,361,627
Supplies	68,123	57,800	57,800	87,800	46,800	57,800	67,800	87,800	57,800	589,523
Distribution Expenses	25,000	112,500	47,500	47,500	47,500	114,500	47,500	47,500	47,500	537,000
Services	16,750	16,750	15,450	14,500	14,500	19,250	17,000	14,500	11,750	140,450
Promotion & Marketing	2,750	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	22,750
Travel & Meals	7,850	3,850	3,850	3,850	8,100	3,850	3,850	3,850	3,850	42,900
Rentals	0	0	0	2,250	0	0	0	0	2,250	4,500
Utilities	27,750	2,750	3,500	2,750	25,000	2,750	2,500	2,500	25,000	94,500
Repairs & Maintenance	9,700	10,650	9,700	5,700	4,450	4,200	6,150	5,700	5,650	61,900
Administrative	43,750	52,500	27,500	8,150	21,500	45,450	22,500	25,000	28,500	274,850
Legal Fees										0
Total Operating Disbursements	478,500	259,300	440,000	175,000	442,550	250,300	440,000	189,350	455,000	3,130,000

Capital Expenditures										0
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Carve-Out

US Trustee Fees									31,425	31,425
Debtors' Legal Fees					125,000				125,000	250,000
										0

Total Disbursements	478,500	259,300	440,000	175,000	567,550	250,300	440,000	189,350	611,425	3,411,425
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Operating Cash - Beginning Balance	255,754	122,254	192,954	92,954	258,954	96,404	176,104	76,104	216,754	255,754
DIP Facility (draw)									50,000	50,000
Change in Cash	(133,500)	70,700	(100,000)	166,000	(162,550)	79,700	(100,000)	140,650	(213,925)	(252,925)

Operating Cash - Ending Balance	122,254	192,954	92,954	258,954	96,404	176,104	76,104	216,754	2,829	2,829
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